MOTION FILED

SUPREME COURT, U. S.

AUG 7 1973

IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

No. 73-187

KEWANEE OIL COMPANY, *Petitioner*

v.

BICRON CORPORATION ET AL, *Respondents*

MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE

and

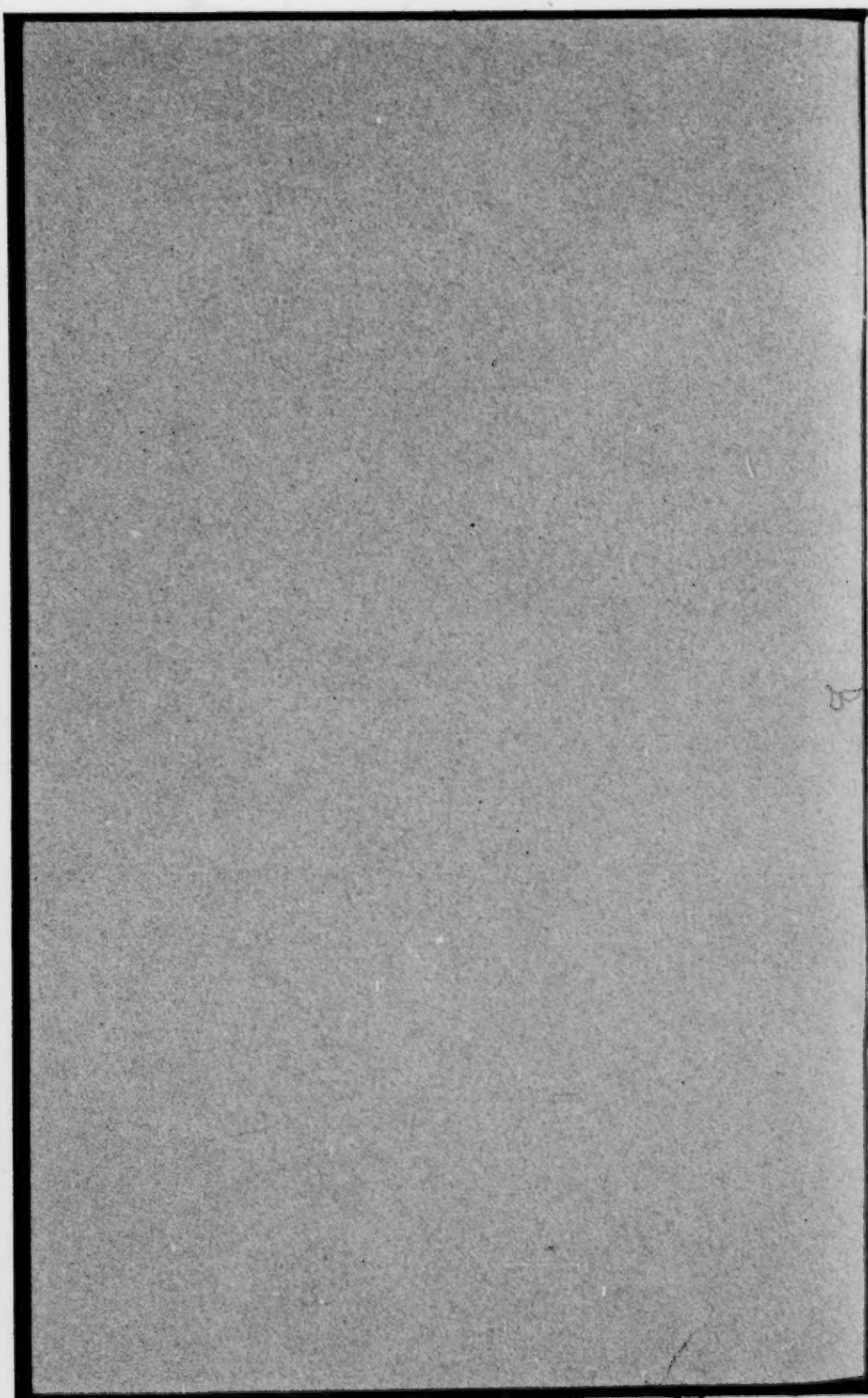
BRIEF AMICUS CURIAE OF THE AMERICAN PATENT LAW ASSOCIATION IN SUPPORT OF THE PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

C. MARSHALL DANN, President
American Patent Law Association
2001 Jefferson Davis Highway
Arlington, Virginia 22202

By
GEORGE E. FROST
3044 West Grand Boulevard
Detroit, Michigan 48202

JOHN T. KELTON
100 Park Avenue
New York, N.Y. 10017
Its Attorneys

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MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

The American Patent Law Association respectfully moves for leave to file the annexed brief *amicus curiae* in support of the petition in the captioned case for a writ of certiorari to the United States Court of Appeals for the Sixth Circuit.

Consent to the filing of the annexed brief was sought from both parties through their attorneys of record.* This motion is necessary because the Respondents, while not opposing the brief, do not consent to it.

This motion and the attached brief are submitted because the question presented on the petition in

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* The correspondence requesting consent and the replies are reproduced herein at pages 3 to 5.

this case is of basic importance to the relationship between the United States patent law and the law relating to trade secrets and other unpatented technical information. The issue is of public import far transcending the specific interests of the parties to this litigation and one upon which the views of the American Patent Law Association may be of assistance to this Court.

The American Patent Law Association has approximately 3800 members, all lawyers practicing in the United States. They constitute approximately half of the patent lawyers in the country. The members of the Association are regularly engaged in obtaining, enforcing, and licensing rights to both patented and unpatented technology. Because the decision below nullifies many rights to unpatented technology, and greatly curtails the scope of whatever rights may be left, the Association is deeply concerned with the ruling and submits this motion and the annexed brief to the end that the uncertainties generated by the ruling below may be promptly resolved.

Respectfully submitted,

C. MARSHALL DANN, President
American Patent Law Association
2001 Jefferson Davis Highway
Arlington, Virginia 22202

By
GEORGE E. FROST
3044 West Grand Boulevard
Detroit, Michigan 48202

JOHN T. KELTON
100 Park Avenue
New York, N.Y. 10017

Its Attorneys

August 6, 1973

EXHIBIT No. 1

July 12, 1973

Mr. William C. McCoy, Jr.
Bulkley Bldg., Room 524
1501 Euclid Ave.
Cleveland, Ohio 44115

Dear Mr. McCoy:

Kewanee Oil Company vs. Bicron Corporation, et al. Nos. 71-1041 and 71-1042 Court of Appeals for the Sixth Circuit, Opinion 5-10-73

You will recall our telephone discussion of some days ago regarding the intention of American Patent Law Association to file a brief on the Petition in the above case.

The purpose of this letter is to ask, on behalf of American Patent Law Association, for your written consent to the filing of such brief.

The brief has not yet been prepared. We do expect that it will call the Court's attention to the extent that the opinion of the Court of Appeals for the Sixth Circuit conflicts with the Court of Appeals for the Second Circuit and other Courts of Appeal; unsettles the law pertaining to contractual and related rights in technical information; and affects a large number of business transactions that collectively are of great economic significance. We expect to urge the Court to grant the Petition.

We look forward to your response.

Sincerely,

/s/ GEORGE E. FROST

EXHIBIT No. 2

July 23, 1973

George E. Frost, Esq.
3044 West Grand Boulevard
Detroit, Michigan 48202

Re: Kewanee Oil Company vs.
Bicron Corporation et al.

Dear Mr. Frost:

This responds to your letter of July 12, 1973 and confirms our telephone conversation.

While Bicron will not consent to the filing of an amicus curiae brief by the American Patent Law Association, neither will it oppose any such brief. As we read Supreme Court Rule 42(1), such briefs are not favored.

Very truly yours,

/s/ W. C. McCOY, JR.

EXHIBIT No. 3

July 16, 1973

Mr. Edward P. Troxell
Jones, Day, Cockley & Reavis
1750 Union Commerce Building
Cleveland, Ohio 44115

Dear Mr. Troxell:

Kewanee Oil Company v. Bicron Corporation, et al. Nos. 71-1041 and 71-1042—Court of Appeals for the Sixth Circuit, Opinion—May 10, 1973

This letter is addressed to you as attorney for Kewanee Oil Company in the above case. The purpose of this letter is to ask, on behalf of American Patent Law Association, for your written consent to filing a brief, amicus curiae, on the Petition in the above case.

The brief has not yet been prepared. We do expect that it will call the Court's attention to the extent that the opinion of the Court of Appeals for the Sixth Circuit conflicts with the Court of Appeals for the Second Circuit and other Courts of Appeal; unsettles the law pertaining to contractual and related rights in technical information; and affects a large number of business transactions that collectively are of great economic significance. We expect to urge the Court to grant the Petition.

Sincerely,

/s/ GEORGE E. FROST

EXHIBIT No. 4

July 18, 1973

George E. Frost, Esquire
Attorney at Law
3044 West Grand Boulevard
Detroit, Michigan 48202

Re: Kewanee Oil Co. v. Bicron Corporation, et al.—No. 71-1042—Sixth Circuit

Dear Mr. Frost:

I have your letter of July 16, 1973. In response to the first paragraph of your letter, kindly be advised that Kewanee Oil Company consents to the filing of a brief, amicus curiae, in support of the Petition for Certiorari which will be filed in the Supreme Court of the United States on behalf of Kewanee Oil Company on or about July 27, 1973.

It is my understanding that this brief will be filed on behalf of the American Patent Law Association. We not only consent to the filing of this brief but welcome your support.

Thank you for bringing this matter to our attention.

Sincerely yours,

/s/ EDWARD P. TROXELL

IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

No.

KEWANEE OIL COMPANY, *Petitioner*

v.

BICRON CORPORATION ET AL, *Respondents*

BRIEF AMICUS CURIAE OF THE AMERICAN PATENT LAW ASSOCIATION IN SUPPORT OF THE PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

The narrow issue in this case is whether the trade secret law of Ohio can "protect an invention which would be an appropriate subject for a patent under the Patent Laws of the United States, and which has been used commercially for more than one year." Petition A-8. The Court concluded that such protection is "in direct conflict with the Patent Laws." Petition A-25. More broadly (although the Court did not decide the matter) the issue of the case is

the extent the United States Patent Laws preempt the whole field of protection for technological developments.

Both the narrow issue ruled upon below, and the broader issue inherent in the case, are of basic importance to the United States system of incentives for scientific research and development, and the marketing of inventions. In *Sears Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964) and in *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), this Court held that unconventional principles of Illinois state law derived from state court rulings could not support an injunction against the manufacture of an unpatentable product in the public domain. The specific ruling in each of these cases was only that patent-like injunctive remedies, unlimited in time and directed to products known to the public and specifically held to be unpatentable, created a patent-like system in direct conflict with the United States system. The language used by this Court in these two cases extended beyond the specific issue decided, and has been construed by some as entailing a broad and all-inclusive Federal preemption by the patent statutes, of all protection for technology, patented and unpatented, and whether or not in the public domain.

The Court below made such construction in its lengthy analysis of the United States patent law and Ohio trade secret protection. Petition, pp. A-7 to A-24. Inconsistently, we think, the Court expressly confines its holding to the situation of a trade secret which—though once patentable—is no longer patentable because it has been used for more than one year in the manufacture of a commercial product. Such

narrowing of the holding increases rather than decreases the need for review by this Court.

The district court, below, enjoined the use of 20 trade secrets. Petition, p. A-1. Counsel apparently stated to the Court of Appeals that each was patentable subject matter under 35 U.S.C. 101 i.e. that each was a "new and useful process, machine, manufacture, or composition of matter, or "new and useful improvement thereof." The court treated this as proof that patents could have been obtained, but that the right was forfeited by more than one year commercial use. Petition, p. A-7. If any of the 20 enjoined trade secrets would have been obvious over the prior art (and therefore not patentable under 35 U.S.C. 103) the Court of Appeals below would apparently have affirmed the District Court to that extent. If one of the trade secrets was a computer program not patentable under this Court's ruling in *Gottschalk* v. *Benson,* —— U.S. —— (No. 71-485, decided Nov. 20, 1972), the Court of Appeals would seemingly have affirmed. Or if one of the trade secrets was purchased by the plaintiff from an "inventor" who is disentitled as a person from obtaining a patent (e.g. 35 U.S.C. 4), the Court of Appeals would apparently have affirmed. In short, the less patentable the secret, the more protectable it became in the eyes of the Court of Appeals below. It is confusing law that provides greater protection for what the Congress has determined *cannot* be patented and draws a distinction between what could have been patented but was not and what never could have been patented. In any event, the uncertainties inherent in these distinctions amplify the unsettling effect of the ruling and reinforce the need for a ruling by this Court.

In addition to the above issues generated by the ruling below when considered narrowly, there are numerous unsettling questions that arise when the broad reasoning is taken into account. Overall, at least the following problems exist:

1. Federal Rule 26(c) specifically directs the lower courts to consider whether, on discovery, "a trade secret or other confidential research, development, or commercial information not be disclosed or be disclosed only in a designated way."

   This Court, in *duPont* v. *Masland,* 244 U.S. 100 (1917), noted with apparent approval the use of *in camera* proceedings to preserve the trade secret character of technical subject matter. The decision below opens up the whole question of whether any such discovery qualifications are sound. The Federal Courts are confronted with this problem on a day-to-day basis. Should there be one rule as to Federal Courts in the Sixth Circuit and a different rule as to Federal Courts in other Circuits?

2. A similar problem arises in day to day operation of the Federal agencies. The Freedom of Information Act 5 USC 552(b)4, makes "trade secrets . . . obtained from a person and privileged or confidential" exempt from public availability. Further 18 USC 1905 makes it a crime for a government employee to divulge a trade secret. The ruling below clouds these statutes and generates a question whether the government agencies and employees should follow one approach where a trade secret is in the Sixth Circuit and

a different approach where the secret is in another circuit.

3. The United States Patent Office, pursuant to 35 USC 122, treats pending patent applications as confidential and secret. The reasoning of the court below places a cloud on this practice and conflicts with 35 USC 122.

4. At least 21 states have statutes rendering trade secret theft a crime. All of these statutes are invalid if the reasoning below stands. On June 18, 1973 this Court ruled in *Goldstein* v. *California*, No. 71-1192, that the analogous record pirating criminal statute of California did not conflict with the United States Copyright Law. The *Goldstein* ruling conflicts in principle with the ruling below. Moreover, in *United States* v. *Greenwald* (No. 72-2117 Court of Appeals for the Sixth Circuit, decided June 1, 1973) (Petition for Certiorari No. 73-24 filed June 28, 1973) another panel of the court below construed 18 USC 2314 to encompass a secret chemical formulation and affirmed the conviction of Greenwald.

5. The ruling below places a cloud on technical employe agreements to honor trade secret and confidential information, at least after the secret or information has been used commercially (but not necessarily publicly) for one year, and regardless of the reasonableness of the agreement in other respects. Nearly all scientists and engineers employed by industry now operate under agreements of this type.

6. The ruling below makes unenforceable many agreements for compensation for "knowhow" and unpatented technical information, again without regard to the reasonableness of the agreement in other respects. In *Painton* v. *Bourns,* 309 Fed. Supp. 271 (S.D.N.Y., 1970), Judge Motley—applying analysis similar to that of the court below in the present case—refused to require a British manufacturer to honor an agreement to pay royalties to a California corporation for the use of trade secrets. The unsettling effect of Judge Motley's ruling was corrected by reversal on appeal, 422 F(2d) 216 (2d Cir., 1971). Now the court below—coordinate in jurisdiction with the Court of Appeals for the Second Circuit—has reached the opposite result. Whether an agreement is now enforceable or not depends on which Court of Appeals receives the case. The matter is of great importance. A substantial part of the favorable balance of foreign trade comes from licensing agreements wholly or largely based on "know-how" and unpatented technology, as occurred in *Painton* v. *Bourns.*

Your amicus is moved to file this brief because the issues presented are of exceptional importance and will require early resolution by this Court in any event. The issues, the opinion below, and the diametrically opposed ruling by the Court of Appeals for the Second Circuit in *Painton* v. *Bourns,* 422 F (2d) 216 (1971), as well as other conflicts noted by the court below, all make the case ripe for certiorari and a resolution by this Court of the inconsistent interpretations that have been given to its rulings in *Sears Roebuck & Co.* v. *Stiffel Co.,* 376 U.S. 225

(1964) and *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

Respectfully submitted,

C. MARSHALL DANN, President
American Patent Law Association
2001 Jefferson Davis Highway
Arlington, Virginia 22202

By
GEORGE E. FROST
3044 West Grand Boulevard
Detroit, Michigan 48202

JOHN T. KELTON
100 Park Avenue
New York, N.Y. 10017
Its Attorneys

Certificate of Service

The undersigned hereby certifies that copies of the foregoing were, on the 7th day of August, 1973 mailed by registered airmail to counsel for Petitioner and Respondent as follows:

MR. EDWARD P. TROXELL
1750 Union Commerce Building
Cleveland, Ohio 44115;

MR. WILLIAM C. MCCOY, JR.
625 National City Bank Building
Cleveland, Ohio 44114

GEORGE E. FROST
3044 West Grand Boulevard
Detroit, Michigan 48202